

4 December 2014, Moscow

## CREDIT BANK OF MOSCOW announces its 9M 2014 IFRS financials

### Key results

- Net income increased by 13.2% yoy to RUB 6,371 mln (\$161.7 mln)
- Net interest margin grew to 5.4% vs 5.0% in 9M 2013
- Return on equity (15.8%) and return on assets (1.8%) remain high
- Assets expanded by 9.3% to RUB 496,388 mln (\$12,603.0 mln)
- Gross loan portfolio before provisions rose 16.9% to RUB 371,680 mln (\$9,436.7 mln)
- NPLs (90+ days) represented 2.6%
- Loan loss provisions grew from 2.8% to 3.6%
- Customer accounts and deposits rose 9% ytd to RUB 299,665 mln (\$7,608.3 mln)
- Equity increased by 12.2% to RUB 56,847 mln (\$1,443.3 mln)
- Basel III capital increased by 7.7% to RUB 76,529 mln (\$1,943.0 mln), with a capital adequacy ratio of 14.8%, and Tier I ratio of 10.8%
- Cost-to-income ratio stood at 31.1%

### Key financial results

Balance sheet	3Q 2014, RUB mln	2013, RUB mln	change, %
Assets	496,388	454,202	9.3
Liabilities	439,540	403,544	8.9
Equity	56,847	50,658	12.2
Capital (Basel III)	76,529	71,064	7.7
Gross loan portfolio before provisions	371,680	317,860	16.9
<b>Key financial ratios, %</b>			
Basel III capital adequacy ratio (CAR)	14.8	14.8	
90+ NPL ratio (before provisions)	2.6	1.3	
Loan-loss provisions / Gross loans	3.6	2.8	
Net loans / deposits	119.6	112.4	

Income statement	9M 2014, RUB mln	9M 2013, RUB mln	change, %
Net interest income (before provisions)	17,620	11,815	49.1
Fee and commission income	6,319	5,090	24.1
Net income	6,371	5,626	13.2
<b>Key financial ratios, %</b>			
Net interest margin (NIM)	5.4	5.0	
Cost-to-income ratio (CTI)	31.1	33.0	
Return on equity (ROAE)	15.8	17.6	
Return on assets (ROAA)	1.8	2.2	

**Net income** for the 9 months of 2014 rose 13.2% yoy to RUB 6.4 bln. This was mostly due to the net interest income growing 49.1% to RUB 17.6 bln, and to the net fee and commission income increasing 11.5% to RUB 5.2 bln. In its turn, fee income grew considerably in the cards & payments segment actively developing in line with the Bank's strategy.

**Operating expense** increased 22.3% to RUB 6.8 bln on the back of the Bank's business expansion. In particular, staff costs grew 25.2% to RUB 4.1 bln and administrative costs 20.3% to RUB 2.4 bln. Operational efficiency continues to improve with CTI ratios decreasing to 31.1%.

**Gross loan portfolio** (before provisions) stands at RUB 371.7 bln, 16.9% more than at 2013YE. The corporate loan book grew by 12.7% to RUB 247.9 bln, and the retail loan book by 26.5% to RUB 123.8 bln. The share of retail loans in the gross loan portfolio kept expanding and reached 33.3% as at the reporting date. During the 9 months of 2014, the share of non-performing loans (90+ NPL) in the Bank's gross portfolio rose to 2.6% due to the expanding share of retail business and, corporate-wise, mainly due to the deteriorated financial condition of a large borrower from the metallurgic sector. Loan loss provisions also grew and reached 3.6% of the Bank's gross portfolio owing to the economic slow-down, worsening environment, and the Bank's conservative approach to provisioning.

**Customer accounts and deposits** increased by 9.0% ytd to RUB 299.7 bln accounting for 68.2% of total liabilities. Corporate deposits grew 7.5% to RUB 150.9 bln, while retail deposits grew 10.7% to RUB 148.8 bln. The ratio of net loans to deposits slightly grew from 112.4% as at 2013YE to 119.6% at the end of 3Q 2014.

**Capital adequacy ratio** calculated in accordance with Basel III was 14.8% as at the reporting date. Total capital according to Basel III standards increased by 7.7% to RUB 76.5 bln in 9M 2014. Tier I capital ratio increased in the reporting period from 10.2% to 10.8%.

### Infrastructure development

At the end of 9M 2014, CREDIT BANK OF MOSCOW's network comprised 59 offices and 33 operational cash desks in Moscow and the Moscow Region. CREDIT BANK OF MOSCOW's branch network was recognised as the most efficient in the Russian banking sector in 2013 by Renaissance Credit.

As at the reporting date, the Bank had more than 800 ATMs compared to 710 ATMs as at 2013YE and more than 6,000 payment terminals (5,200 as at 2013YE).

### Ratings

At the end of 3Q 2014 the international credit ratings of CREDIT BANK OF MOSCOW were maintained at:

- Fitch Ratings — Issuer Default Rating of "BB", Short-Term IDR of "B", Viability Rating of "bb", Support Rating of "5", National Long-Term Rating of "AA- (rus)", stable outlook;
- Moody's — long-term global & local currency deposit rating of "B1/NP", financial strength rating of "E+", long-term national scale credit rating at of "A1.ru", stable outlook;
- Standard & Poor's — long-term credit rating of "BB-", short-term credit rating of "B", Russia national scale rating of "ruAA-", stable outlook.

## Awards

In 2H 2014 the Bank received international recognition from leading industry experts:

- In July CREDIT BANK OF MOSCOW was named the Best Bank in Russia for achievements in the financial sector at Euromoney's Awards for Excellence 2014 annual ceremony;
- In November CREDIT BANK OF MOSCOW was named the "Bank of the Year in Russia" in 2014 at the annual ceremony "Bank of the Year Awards 2014" held by The Banker (Financial Times group) in London

## Enquiries

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## For reference

CREDIT BANK OF MOSCOW (CBM) is one of the leading privately owned universal banks in Russia, and focuses on providing banking products and services to corporate customers and individuals in Moscow and the Moscow Region. CBM's corporate banking business is primarily focused on retail and wholesale trading corporate customers, enabling CBM to capitalize on the fast-growing Russian consumer market. CBM's rapidly growing retail business is focused on consumer loans to high quality retail customers, with a particular emphasis on cross-sales of retail products to the employees and clients of its corporate customers.

CBM offers a comprehensive range of banking services, including lending, deposit-taking, cash handling, international settlements, trade finance, guarantees and other products. By leveraging its leading cash handling service and payment terminal network, the Bank is able to monitor the cash flows and payment histories of its customers as well as, in the case of many of its retail customers, their employers, which ensures strong portfolio performance and asset quality.

According to INTERFAX-100, as at 1 October 2014, CBM is one of the top five privately owned Russian banks, measured by total assets. The Bank is currently rated BB- with a Stable outlook by S&P; B1 with a Stable outlook by Moody's; and BB with a Stable outlook by Fitch.

CBM was founded in 1992 and acquired by Mr. Roman Avdeev in 1994. Mr. Avdeev beneficially owns 85% of CBM's shares. The European Bank for Reconstruction and Development, International Finance Corporation (IFC) and RBOF Holding Company I, Ltd. (100% owned by the IFC Russian Bank Capitalization Fund belonging to the same group of companies as the IFC) hold 15% of CBM's shares and are represented on CBM's Supervisory Board alongside with four independent non-executive directors.

For more information, please visit <http://mkb.ru/en/>.